

SMALL BUSINESS INNOVATION RESEARCH (SBIR) AND SMALL BUSINESS TECHNOLOGY TRANSFER (STTR) PROGRAMS

The Small Business Innovation Research (SBIR) Program is one of the most important sources of federal grants for small technology companies. The grants are offered by 10 federal agencies. Since 1983, state firms have received 265 awards totaling \$125 million.

The SBIR and STTR Programs provide funding for higher risk, early-stage products and technologies. They allow small businesses to:

- Fund innovative, higher risk, early stage projects to start or expand a business
- Retain full ownership of their technology and Intellectual property
- Retain full equity ownership
- Retain cash for operations
- Gain credibility with the marketplace and potential investors

The SBIR and STTR programs are highly competitive federal programs that encourage small businesses to bring innovative technologies to market. By including qualified small businesses in the nation's R&D arena, hi-tech innovation is stimulated and the United States gains entrepreneurial spirit as it meets its specific research and development needs.

The SBIR program was established to:

- Stimulate technological innovation
- Use small businesses to meet federal R&D needs
- Encourage the participation of disadvantaged and minority persons in technological innovation
- Increase private sector commercialization through federal research & development (R&D) sponsorship

The STTR program was established to enable small businesses to partner with a nonprofit research institution such as universities or federally funded R&D centers to bring innovative technologies to market.

SBIR ELIGIBILITY

The SBIR program allows small businesses to compete for federal R&D funds. Small businesses must meet certain eligibility criteria to participate in the SBIR program:

- At least 51% American-owned, located in the US, and independently operated
- For profit
- Company size limited to 500 employees
- Principal researcher primarily employed by business at time of award and not employed full time by another institution or company
- Two-thirds of Phase I, and one-half of Phase II must be done by the small business (the rest can be performed by consultants or sub-contractors)
- All work must be done in the US

STTR ELIGIBILITY

The STTR program is a joint research effort between a small business and a nonprofit research institution or federally funded R&D center (FFRDC). Small businesses must meet certain eligibility criteria to participate in the STTR Program:

- American-owned and independently operated
- For profit
- Principal researcher need not be employed by small business
- Company size limited to 500 employees
- The small business must perform at least 40% of the STTR project
- The nonprofit research institution must also meet certain eligibility criteria:
- Located in the US
- Meet one of three definitions: nonprofit college or university, domestic nonprofit research organization, or federally funded R&D center (FFRDC)
- The research institution must perform at least 30% of the project
- There has to be a written intellectual property agreement in place at the time of award
- All work must be done in the US

STRONG SBIR CANDIDATES

Small businesses that are strong SBIR candidates have an innovative technology, or they apply an existing technology in a novel way and can perform the required percentage of effort in their facilities. The technology should address a topic solicitation from one of the ten SBIR sponsoring government agencies, and it should have strong commercial potential.

The principal investigator (PI) and key individuals participating in a SBIR proposal must have credentials that support their ability to perform the work outlined in the proposal. One or more of the following would strengthen the proposal:

- Having experience as a PI on research proposals
- Project management experience
- Research and development experience
- A track record in commercializing technological innovations
- Holding an advanced degree
- Experience in the field of effort
- Publications in the field of effort

If the PI lacks strong qualifications, the business can hire consultants who have the credentials that strengthen the proposal application.

DIFFERENCES BETWEEN STTR AND SBIR

To qualify for an STTR, the business doesn't need to employ the PI. With an STTR, a nonprofit research institute can employ the principal investigator (PI). STTRs received from the National Science Foundation (NSF) are an exception because they require two PIs, one at the small business and one at the nonprofit research institution. With an STTR the small business need only perform 40 % of the proposal work, while the nonprofit research institution may do up to 60 %. Only five agencies offer STTRs.

SBIR programs have more total funds available for awards than STTR programs. The small business needs to employ the PI and perform two thirds of the work. Ten agencies offer SBIR programs.

SBIR/STTR STATE PARTNERS

University–Industry Relations (UW –Madison), The University of Wisconsin—Extension Small Business Development Center, the Wisconsin Department of Commerce and Wisconsin Small Business Innovation Consortium (WISBIC) provide services designed to help Wisconsin firms succeed in these programs including:

- Orientation
- Proposal help and review
- Technology development financing between Phase I and Phase II
- Entrepreneurial training
- Market analysis
- Linkages to other SBIR/STTR and federal contracting resources

PROPOSAL HELP

The **WISCONSIN FAST OFFICE** and network can help you choose the appropriate federal agencies and their solicitations, develop an agency strategy, give suggestions on writing the proposal, and review your work. Specific services include:

- Expert administrative reviews of your current proposal
- Connecting you to appropriate technical proposal reviewers
- Preparing a cost section for the proposal
- Intellectual property advice
- Commercialization plan assistance
- Accounting requirements for federal awards

For more information, contact:

Call the SBDC answerline (1-800-940-SBDC);
E-mail: kathy.stittleburg@uwex.edu; or go to
the web site at: <http://www.wisconsinsbir.org/> .

The SBIR/STTR programs are made possible through a FEDERAL AND STATE TECHNOLOGY PARTNERSHIP COOPERATIVE GRANT. This U. S. Small Business Administration (SBA) Cooperative Agreement is partially funded by the SBA. SBA's funding is not an endorsement of any products, opinions, or services. All SBA funded programs are extended to the public on a nondiscriminatory basis.